

**THEORETICAL ANALYSIS OF THE FUNCTIONS OF ECONOMIC ENTITIES
IN INVESTMENT ACTIVITIES WITHIN THE FRAMEWORK OF THE
KEYNESIAN MODEL.**

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*The article is devoted to the analysis of
savings motivations and motivations of
investment demand in Keynesian theory.*

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Keynes, rightfully considered the founder of the macroeconomic approach to the system of social reproduction, holds a fundamental position. A distinctive feature of his research is the extensive use of the aggregation method, which he extends not only to quantitative parameters but also to the functional characteristics of economic entities. J. M. Keynes identifies four key macroeconomic entities: households, firms, governments, and the foreign trade sector, all with varying motives for investing and saving. In a closed economy free from government intervention, the equilibrium of savings and investment is ensured by only two aggregates: households and firms, whose behavior is subject to strictly regulated parameters and can be characterized by specific types of economic activity. Without rejecting the methodology of general equilibrium analysis, Keynes considers the findings of neoclassical economists to be merely a special case of his concept. He considers their key thesis regarding the equality of savings and investment, which are equalized by the interest rate, insufficient to explain economic equilibrium. The money market is unable to convert all savings into investment, as macroeconomic actors such as households and firms have different incentives for making investments. The economic behavior of households and firms does not correspond to neoclassical notions of a single-factor function of utility or profit maximization, as participants in the investment process are guided by different

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perceptions of investment opportunities, investment methods, and the factors that determine investment.

The analysis of savings motivations and investment demand motivations is an innovation of Keynesian theory. By revealing the systemic relationships between aggregate variables, J. M. Keynes Demonstrates how the economic behavior of individuals influences the final results of the transformation of savings into investment. Unlike the views of classical and neoclassical economists, who view economic actors as self-interest optimizers, Keynes sees them as living individuals with specific psychological characteristics and the potential for irrational behavior, which influences their investment decisions. He believes that a qualitative analysis of the savings accumulation process is needed, rather than a quantitative one. This analysis identifies the reasons for the choices that accompany households' foregoing of current consumption, allowing for a detailed breakdown of savings structures. It is important to understand that the supply of resources (savings) does not automatically generate investment demand. Savings will only transform into investment when multiple factors coincide, as the processes of saving and investing unfold differently in space and time.

J. Keynes examines investment in the real production sector, the key motive being business expectations regarding future returns on investment, which he calls the marginal efficiency of capital ³⁷. He notes that the future is uncertain, but he does not associate this uncertainty with the concept of risk, meaning only that it is conventional , and therefore there is no automatic mechanism guaranteeing profit. He studies the investment process dynamically. While neoclassical economists consider household savings—that is, the share of income they intend to capitalize—as the source of investment, Keynesian theory assumes a different system of interaction between economic agents. Savings do not automatically lead to increased investment; on the contrary, it is investment that causes changes in income. The following chain of events is observed: the tendency for income to increase leads to increased savings. The desire to consume part of one's increased income will stimulate the expansion of production. The limit of such expansion is determined by the ability to accumulate savings from current income, the amount of which must correspond to the increased volume of investment.

The model of investment behavior of economic entities proposed by J. Keynes is dynamic in nature and is most thoroughly examined within the framework of multiplier theory ³⁸. The multiplier mechanism shows how increased investment in individual sectors of the economy is reflected in an increase in overall national income.

³⁷ Keynes , J. M. The General Theory of Employment, Interest and Money / Translated from English. - Moscow: Progress, 1978. - P. 281.

³⁸Multiplier theory is concerned with the implementation of the investment process in the real sector of the economy. The popularity of Keynesian theory stems from the fact that, among 20th- century scholars, Keynes was the one who studied the problems of social reproduction. However, the fact that Keynes is also known for his thinking on portfolio

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At the same time, the growth of wealth contributes to the growth of investment demand, that is, Keynes studies not only autonomous but also induced investments, doing this through the prism of the business cycle.

Conclusion: In today's environment, macroeconomic actors are seeking to generate income from investing by diversifying their investment portfolios. The introduction of the latest technological advances, such as artificial intelligence, facilitates the process of creating an optimal investment portfolio that includes investments in a variety of assets, thereby ensuring a balance between risk and return.

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investment, as reflected in his theory of liquidity preference , is often overlooked . However , Keynes never succeeded in linking the various sources of investment into a single concept of the investment process.